

Decision No. 32439

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of PACIFIC GAS AND ELECTRIC COMPANY, a corporation, for an order of the Railroad Commission of the State of California authorizing it to enter into a certain agreement with HERCULES POWDER COMPANY, in words and figures as written in the form therefor which is annexed hereto.

**ORIGINAL**

Application No. 23014

BY THE COMMISSION:

OPINION AND ORDER

This is an application of Pacific Gas and Electric Company for an order authorizing applicant corporation to enter into a written agreement with Hercules Powder Company, a Delaware Corporation, hereinafter called Customer. A copy of the proposed agreement marked Exhibit "A" is attached to and made a part of the application.

Some of the more important features and conditions of said proposed agreement may be set forth:

Upon the terms and conditions of the agreement and during the term specified therein Applicant has agreed to sell and deliver to Customer and the latter has agreed to purchase all electric energy which shall be required for the operation of Customer's electrical machinery and apparatus and in the conduct of Customer's business upon its premises located in the town of Hercules, Contra Costa County, California. The premises referred to are the powder and chemical plant of Customer and Customer

reserves the right to operate electrical generating equipment of its own up to 350 Kw. capacity but only as a means of power recovery under certain conditions.

The proposed agreement shall supersede the existing agreement between the two parties dated January 27, 1937.

The rates to be charged are in accordance with the following:

Demand Charge:

First	1650 Kilovolt amperes or less of monthly maximum demand.....	\$1,500.00 per mo.
Next	1500 Kilovolt amperes of monthly maximum demand.....	\$ 0.90 per kilovolt ampere
All over	3150 kilovolt amperes of monthly maximum demand.....	\$ 0.80 per kilovolt ampere

Energy Charge: (To be added to the Demand Charge)

2.5 mills per kilowatt-hour

The agreement defines the period of maximum demand and the above rates are subject to change depending upon the price of fuel oil.

Customer has agreed that upon eight weeks prior written notice from Applicant it will shut down or otherwise discontinue taking power for a consecutive period not exceeding three months in any one year beginning any time between June 1 and August 31 at the option of Applicant.

The proposed agreement also provides that Customer will upon request operate its steam-electric generating plant and deliver to Applicant such electric energy as Customer may have available for which Applicant agrees to pay Customer the actual "out of pocket cost" for the generation of such energy actually delivered. These "out of pocket costs" are understood to include all costs

to Customer excepting fixed charges on and depreciation of said plant.

The agreement provides for the delivery of both two phase and three phase 2400 volt power service and for the purposes of billing the meter readings of both two phase and three phase are to be combined.

The term of the proposed agreement is for a period of five years from the date that three phase power shall be first delivered and thereafter until terminated by thirty (30) days written notice given by either party. The agreement also contains the usual provisions as provided in General Order No. 53 relating to the Commission's continuing authority thereover.

The application states that Customer is involved in an expansion program which will require additional facilities on the part of Applicant to supply the necessary service. It is Applicant's intention upon approval of the proposed agreement to proceed with the installation of a new electric substation and approximately 1200 feet of 60 kv. electric line at an estimated cost of approximately \$67,000, all of which is to be completed not later than December 31, 1939. The proposed substation will replace an existing substation having an estimated present value of \$33,000.

In support of its application Applicant states that during 1938 it received from Customer \$32,655.84 for electric energy and service furnished to Customer at its plant in Hercules and that the anticipated revenue under the new conditions will be approximately \$65,000 greater per annum than the above figure.

The Commission having considered the request of the Applicant and it being of the opinion that the application should

be granted, that a public hearing in the matter is not necessary, and good cause appearing therefor,

IT IS ORDERED that Pacific Gas and Electric Company is hereby authorized to enter into that certain proposed agreement with Hercules Powder Company set forth as Exhibit "A" attached to the within application and to render electric service to said Hercules Powder Company at the rates and under the terms and conditions set forth in said agreement.

Authority herein granted shall become effective as of the date hereof.

Dated at San Francisco this 10<sup>th</sup> day of October, 1939.

Robert W. [unclear]  
Frank [unclear]  
Ray K. [unclear]  
[unclear]  
Justus J. Coe  
Commissioners